



Community College Tuition Waivers

March 12, 2010

Fiscal Brief

State Spent \$55 Million on Tuition Waivers in FY 2008-09

Executive Summary

The current economic recession has had a negative impact on State funds, and it appears that the budget situation will not improve for the 2010 Session of the 2009 General Assembly. Legislators will have to make difficult decisions about how to spend limited State resources, and where to make cuts. In making these decisions, it may be helpful for legislators to understand which groups currently may attend community college tuition-free or with reduced tuition and at what cost to the State.

In FY 2008-09, almost \$55 million in tuition was waived (\$54.95 million) in the categories for which tuition waiver information is tracked. The total amount of tuition waived has been growing steadily for the last 10 years, more than doubling between FY 1999-00 and 2008-09. Over half of all tuition waived is for training for emergency personnel workers. The majority of the tuition waived for curriculum courses is for high school students, who are not a part of the statutory purpose of the Community College system.

There are a number of issues the General Assembly may wish to consider, including:

- Charging a minimum fee per course for those with waived tuition instead of eliminating categories of waivers,
- Inconsistencies in the way courses are offered to high school students,
- The Continuation Review of the prison education program, and
- The senior citizen tuition waiver.

Finally, the General Assembly may wish to review the policy reasons behind the existing tuition waivers and examine them in light of the State's current policy priorities.

Introduction

During the current economic recession, the General Assembly has had to make decisions on how to spend limited State funds, and it appears that the budget situation will not improve for the 2010 Session of the 2009 General Assembly. In making these decisions, it may be helpful for legislators to understand which groups currently may attend community college tuition-free or with reduced tuition and at what cost to the State.

This fiscal brief describes the tuition waivers available to community college students and discusses related upcoming issues for the 2010 Session of the 2009 General Assembly.

Community College Student Funding

The State of North Carolina subsidizes community college education for almost all in-state students¹ at its community colleges by sharing the cost of education with the student. For example, in FY 2009-10, in-state tuition for curriculum classes only covered 29% of the cost of a full-time equivalent student (or FTE²).

In addition to this subsidy available to all in-state students, some students also have their tuition waived – either because of a waiver authorized in the General Statutes or in Session Law. Waivers can be for curriculum or continuing education classes, and can be for specific job training or for general education, depending on the waiver.

Because of these waivers, the State actually pays more than its share of the cost of each FTE. For example, in FY 2009-10 the total cost per curriculum FTE was approximately \$5,500. As stated above, curriculum

¹ The exception is for “self-supporting” classes.

² FTE (or Full-Time Equivalent) is an artificial metric used for budgeting purposes. FTE is a more relevant measure than student headcount because most community college students do not enroll on a full-time basis.